



May 5, 2006

Mr. Steve Hill, Administrator
Health Care Authority
676 Woodland Square Loop SE
MS 42700
Olympia, WA 98504-2700

Benefits Administration / Insurance Accounting System (BAIAS) Project
Quality Assurance Report

Dear Mr. Hill:

The enclosed report represents quality assurance findings and recommendations for the BAIAS Project through the month of April. We have attended project team meetings, Steering Committee meetings, and work group sessions with various staff and stakeholders and reviewed the project documentation.

While the project is still in the early stages of organization, it has:

- Taken some action on each of the three recommendations presented in the baseline Quality Assurance report.
- Smoothly transitioned from one project manager to another without adversely impacting project activities.
- Improved the quality of the business requirements being developed as part of the RFP.
- Progressed on the acquisition process and development of the RFP.
- Planned a Vendor Forum to learn more about products available in the current marketplace.

We are not offering any additional recommendations in this report. A summary of recommendation status is included as Appendix A attached to this report. Please don't hesitate to call Julie Boyer or myself at 360.956.9064 if you have any questions or concerns.

Sincerely,

Kathleen Nolte
Director

Enclosure

cc: Barney Speight, Deputy Administrator
Mary Fliss, Assistant Administrator
Maurice Willey, Project Manager
Kim Cregeur, Department of Information Services

Washington State Health Care Authority

**Benefits Administration / Insurance
Accounting System Project
QUALITY ASSURANCE**

Periodic Report
March 1 through April 30, 2006



**STERLING
ASSOCIATES,LLP**

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Scope of Quality Assurance Review

- ◆ In March 2006, the Washington State Health Care Authority (HCA) received the baseline Quality Assurance report from Sterling Associates, LLP for the Benefits Administration / Insurance Accounting System (BAIAS) project. The baseline report contained a description of the methodology used during the review as well as the Quality Assurance findings and project recommendations.
- ◆ Although this report is organized around the same framework, it will only address what has changed since the baseline report within each of the 12 elements.. These elements include:
 - Environment
 - Expectations
 - Approach
 - Schedule
 - Resources
 - Communication
 - Leadership
 - Commitment
 - Risks
 - Controls
 - Integrity
 - Credibility

Quality Assurance Findings—*What is...*

◆ Environment

- The activity associated with the project is rapidly increasing. As the activities are progressing and it becomes clear that the project will be advancing, more interest in the project is being expressed by possible vendors, by current customers, by agency partners, and by those with responsibility for oversight. While interest in the project is key to its success, responding to inquiries and communicating with the interested parties will take significant resources to accomplish.
- The HCA will be reporting to the ISB in early May. In preparation for the meeting, the project leaders are documenting the status of the project and the expected progress that should be achieved in the near future. Interaction with the ISB accounts for a significant portion of the project's authorizing environment as well as being responsible for controlling future expenditures based on specific results achieved. The leaders of the project are preparing for the meeting rigorously.

Quality Assurance Findings—*What is...*

◆ Approach

- The agency is progressing through the acquisition phase. Staff continue working on two significant tasks required during this phase - development of the request for proposal (RFP) and finalization of the system requirements.
 - HCA plans to conduct a vendor forum in early May to obtain information about the marketplace and COTS products that may provide a solution to HCA. Vendors will be provided with information about the business requirements in HCA and the approach of the agency to solving their business problems. The vendors will be asked to respond to a Request for Information (RFI) answering specific questions about their company, software and service offerings, and experience providing similar products to comparable customers. Emphasis with the vendors will be placed on utilizing existing functionality of a COTS product and avoiding as much customization as possible. This will require the vendors to work collaboratively with agency staff to determine how to change their current business processes as the new system is implemented.
 - During the past month, the staff documenting business requirements have worked closely with an outside expert to clarify and categorize the requirements. The quality of the requirements documentation has increased significantly as a result of this extra effort. There are over 1000 individual business requirements described in the current documentation and categorized into 19 separate functions. The Steering Committee members will complete a final review and sign off on the business requirements before they are included in the RFP.

Quality Assurance Findings—*What is...* (continued)

◆ Expectations

- The agency is expected to implement lessons learned internally and from other organizations as it progresses with the BAIAS project. The agency has extended the acquisition phase of the project in order to implement lessons learned from previous project experiences. Risks associated with defining business requirements and utilizing COTS products to meet these requirements are currently being addressed. Extending the acquisition phase may change the schedule that was presented to the ISB in November. While this may generate questions from the ISB, the agency would be remiss to proceed without addressing identified risks that pose a threat to the success of the project.
- When the agency completes the acquisition phase, they expect to return to the ISB to request approval to proceed to the next phase or gate.

Quality Assurance Findings—*What is...* (continued)

◆ Schedule

- A high-level schedule for the acquisition phase of the project has been drafted. The project has extended the acquisition phase of the project to obtain a better understanding of the marketplace and to accurately and completely define their business requirements. The high-level schedule does not detail work in subsequent phases of the project.
- Based on feedback from the Steering Committee about the draft schedule, the project was given permission to obtain additional resources and run some of the tasks in parallel. Utilizing additional resources should result in shortening the expected length of time needed to complete this phase of the project. The Steering Committee has not yet taken action on the schedule.
- The project manager intends to develop a more detailed project plan after the vendor is selected and able to supplement the initial plan with their expected contributions. This will establish an integrated schedule that can be used to measure the project's progress against.
 - *See Previous Recommendation #1 in Appendix A*

◆ Leadership

- Leaders of the project are discussing the roles and responsibilities of the decision-makers, the advisors, and other project participants. This discussion started with the co-sponsors from HCA and DIS and has not yet reached a conclusion. Once this discussion is completed, the roles and responsibilities of other individuals can be addressed.
 - *See Previous Recommendation #2 in Appendix A*
- The Steering Committee has changed its meeting schedule to accommodate existing schedules and allow all members to participate more frequently.

Quality Assurance Findings—*What is...* (continued)

◆ Resources

- Identifying and securing dedicated resources to work on the project continues to be a challenge. Neither the project coordinator or the project support positions have been filled, leaving the project manager to perform work on virtually all of the project tasks. Staff outside the project are interviewing candidates for these positions and will hire qualified individuals to work with the project manager. Until these positions are filled, progress on project organization, communication, planning and controls will not progress.
 - *See Previous Recommendation #3 in Appendix A*
- Although these two project positions have not been filled, other resources have been obtained to support the rapidly growing workload being generated within the project. These resources are working closely with the project manager to make faster progress during the Acquisition Phase than could be achieved with just the project manager working alone.
 - One full time resource has been obtained through General Administration to coordinate the RFP process and support the contracting process. This person has knowledge and experience with the acquisition guidelines and purchasing authorities for the state.
 - Another part time resource has been obtained through a contract to support defining and documenting the requirements. This person has knowledge and experience with defining business requirements as well as broader project management expertise.
 - Another part time resource has been assigned from within the agency to support the Vendor Forum planned for early May. This person has coordinated events for HCA in the past and was made available to the project manager.
- The Steering Committee has not yet received a report on the resources expended on the BAIAS project. A report is being developed to provide this information and should be available from the Finance Office shortly. Understanding what resources are being expended and at what rate is of high importance as a regular part of project management.

Quality Assurance Findings—*What is...* (continued)

◆ Controls

- A formal process to track Quality Assurance recommendations, the planned response, and the progress made related to each recommendation has been developed and will be maintained and provided to the project co-sponsors on a regular basis.
- While the project manager is planning to establish other project controls, these will not progress until additional resources are available within the project.

◆ Communication

- Project leaders have discussed revisions needed to the communication plan and how to get the tasks accomplished once the plan is revised. This work will continue as time permits within the project.
 - *See Previous Recommendation #3 in Appendix A*

◆ Credibility and Integrity

- As a result of an upcoming report to the ISB, HCA has an opportunity to increase its credibility and exhibit its high integrity externally. Openly sharing the current status of the project and the progress that has been made could increase the level of credibility. Those leaders making the presentation on behalf of the agency must be well prepared to answer questions and describe the conditions of the project from their personal knowledge of project activities.
- The credibility and integrity of individual project participants is being tested as each new person begins working on the project. Given that the project is only a few months old, this is likely to continue as individuals join the project team over the next weeks and months.

◆ Commitment

- A high level of commitment is apparent from participants of the Steering Committee who are leading project activities as well as all project team members.

Quality Assurance Findings—*What is...* (continued)

◆ General Risks and Barriers to Success

- The planned absence of the project manager may adversely impact the organization and progress within the project.

Mitigation Strategies

- Identify and share the transition plan with all of the individuals impacted by the absence.
- Monitor the transition during the week-long overlap between project managers to determine what adjustments need to be made.
- Maintain contact as planned with the current project manager during the absence.

Mitigation undertaken for this risk has resulted in a smooth transition from one individual to another. It does not appear that any adverse impact has been experienced by the first transition. The activities will be repeated as the second transition approaches later this year.

- A single product may not be able to meet the business needs of both PEBB and BH.

Mitigation Strategies

- Explore products available in the marketplace for possible alternatives.
- Assure a wide distribution of the RFP to potential vendors and industry representatives.
- Consider the possible implications on the agency of having a solution with more than one major product.

Mitigation for this risk is underway. The agency will be hosting a Vendor Forum to identify COTS products that are available in the marketplace.

HCA Benefits Administration / Insurance Accounting System Project
Quality Assurance Recommendations and Status
April 2006

Recommendation		QA Report Feb 2006	QA Report April 2006	Status/Comments
1.	Develop a project plan reflecting the assumptions built into the project and the resources available, including major tasks, milestones, decision points, dependencies, schedule and the critical path. Ensure collaboration among all participants to identify dependencies and a reasonable schedule for completion.	☆	➤	In progress. A draft plan has been presented to the Steering Committee for the Acquisition Phase of the project.
2.	Clarify roles and responsibilities for project participants and decision-makers that reflects the organization of the project.	☆	➤	In progress. The project co-sponsors have begun discussions on this topic.
3.	Revise the communication plan and include identification of specific stakeholder needs, required information, responsibilities for completion, and timing of communications.	☆	➤	In progress. Project leaders have identified several changes needed to the current plan that will need to be incorporated when the plan is revised.

☆ Recommendation Made ✓ Recommendation implemented ➤ In progress ✕ Recommendation not yet implemented